

Message Text

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73

ACTION ARA-20

INFO OCT-01 ISO-00 DODE-00 EB-11 NSAE-00 RSC-01 TRSE-00

AEC-11 CIAE-00 COME-00 PM-07 H-03 INR-10 L-03 NSC-07

PA-04 PRS-01 SPC-03 SS-20 USIA-15 AID-20 IGA-02 DRC-01

/140 W

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R 142035Z MAR 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5644

INFO AMEMBASSY QUITO

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QUITO PASS KUBISCH

E.O. 11652: N/A

TAGS: ECON, ETRD, EIND, CU, AR

SUBJECT: USG DENIES WESTINGHOUSE PERMISSION TO EXPORT
REFRIGERATION EQUIPMENT FOR RAILROAD CARS TO BE BUILT
IN ARGENTINA FOR EXPORT TO CUBA

REFS: A. STATE 49550, B. HILL/ORTIZ TELECON MAR 14, C. BA 1381

1. EMBASSY UNDERSTANDS USDOC ACTION TAKEN RE SUBJECT ON MARCH 12
IS NOT TYPE OF INFORMATION AUTOMATICALLY RELEASED TO PUBLIC AND
IS UNLIKELY TO SURFACE FROM US SOURCES IN NEAR FUTURE. WE
FURTHER UNDERSTAND WESTINGHOUSE IN US HAS BEEN INFORMED OF
DECISION BUT IS UNLIKELY TO GIVE IT PUBLICITY. PLEASE CONFIRM.

2. EMBASSY HAS KEPT DEPARTMENT INFORMED, AS FULLY AS WE FOUND
POSSIBLE, CONCERNING PROBLEMS ARISING HERE FOR AUTO FIRMS,
BORG WARNER, CLARK EQUIPMENT COMPANY, US BANKS, ETC. WE HAD
NOT REPORTED ON ANY POSSIBLE PROBLEM FOR WESTINGHOUSE BECAUSE
WE HAD NO KNOWLEDGE OF THE SPECIFIC ORDER FROM ARGENTINA NOR OF
ANY WESTINGHOUSE APPLICATION FOR SPECIAL EXPORT PERMIT. UNTIL
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ARRIVAL OF REFTTEL A, THEREFORE, WE HAD NO KNOWLEDGE OF THIS

TRANSACTION. NOW, HOWEVER, WE BELIEVE WE ARE ABLE TO IDENTIFY THE OPERATION INVOLVED. THE US\$330,000 WORTH OF THERMAL KING REFRIGERATION UNITS FROM WESTINGHOUSE WERE APPARENTLY INTENDED TO BE INCORPORATED IN 60 REFRIGERATED TRAILERS OR RAILWAY CARS, VALUED AT US\$3.5 MILLION, CONTRACTED FOR BY THE CUBAN PURCHASING MISSION FROM CALEGARI, AN ARGENTINE FIRM.

3. EMBASSY NOW INTENDS TO MAKE DISCREET INQUIRIES OF TRUSTED CONTACTS IN WESTINGHOUSE'S ARGENTINE SUBSIDIARY SO THAT WE MAY BE IN BEST POSSIBLE POSITION TO KNOW WHETHER CALEGARI WILL REACT STRONGLY, BEFORE GOA OR PUBLIC MEDIA, ON LEARNING WESTINGHOUSE WILL NOT SUPPLY REFRIGERATION UNITS. PURPOSE WILL BE TO PREPARE BEST POSSIBLE RESPONSE TO GOA OFFICIALS OR OTHER INQUIRERS IF SUBJECT SURFACES LOCALLY.

4. EMBASSY REGRETS THAT DECISION ON WESTINGHOUSE APPLICATION RE SUBJECT WAS TAKEN WITHOUT ALLOWING EMBASSY OPPORTUNITY TO INFORM USG AGENCIES ON LIKELY IMPACT IN ARGENTINA. ALTHOUGH WE REALIZE THAT DECISION CONCERNS US EXPORTS AND IS THUS A DOMESTIC ISSUE, ANY US ACTION THAT TOUCHES OR AFFECTS ARGENTINA'S ABILITY TO EXPORT TO CUBA CAN BE A MOST SENSITIVE ISSUE HERE, ESPECIALLY SINCE MFM IN MEXICO CITY. WE BELIEVE THE WESTINGHOUSE ISSUE IS OF THIS NATURE. TO OUR KNOWLEDGE, THIS IS THE FIRST TIME THAT AN EXPORT LICENSE FOR EQUIPMENT FROM THE US TO ARGENTINA HAS BEEN DENIED BASED UPON OUR REGULATIONS WHICH SUPPORT OUR CUBA POLICY. SUCH A DENIAL TO EXPORT FROM THE US MAY WELL BE VIEWED HERE AS A RELATIVELY UNFRIENDLY ACT. ARGENTINES. ARE UNLIKELY TO FOCUS ON, OR UNDERSTAND READILY, THE IMPORTANT DIFFERENCES BETWEEN THE WESTINGHOUSE CASE AND THOSE IN WHICH US SUBSIDIARIES OF AUTO FIRMS ARE INVOLVED. SHOULD CALEGARI MAKE AN ISSUE OF THIS REFUSAL, THE REPERCUSSIONS MAY BE STRONG.
HILL

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